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Secord Testifies That He Was Informed Reagan Knew of Covert Contras Airlift

By DAVID ROGERS

And EDWARD T. POUND

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WASHINGTON — Retired Air Force Maj. Gen. Richard Secord testified that White House officials told him President Reagan knew about a covert airlift funneling arms to Nicaraguan insurgents and appreciated the general's role in the operation.

Appearing for a second day before House and Senate committees investigating the Iran-Contra affair, Gen. Secord said that in January 1986 then-National Security Adviser John Poindexter told him that Mr. Reagan was aware of the "Contra project" and was "pleased" with Gen. Secord's contribution.

Gen. Secord testified further that as the airlift continued, financed in part by funds diverted from U.S. arms sales to Iran, Lt. Col. Oliver North indicated that he also had discussed the project with Mr. Reagan. Col. North, who at the time was Rear Adm. Poindexter's aide, said the president understood the link between the Contra airlift and the Iran initiative, Gen. Secord said.

The Marine colonel described half-humorous discussions that he had had with the president about how "some of the ayatollah's money was being used for the Contras," Gen. Secord testified. "I did not take it as a joke."

Responding to Gen. Secord's testimony, White House spokesman Marlin Fitzwater said, "The president has said he wasn't aware (of the diversion). And he wasn't aware." Mr. Fitzwater called Gen. Secord's comments "hearsay."

Meanwhile, one of the leading figures in the Iran-Contra affair, former Central Intelligence Agency Director William Casey, died of pneumonia early yesterday at a suburban New York hospital, three months after a malignant tumor was removed from his brain.

Widely credited with improving the CIA's analytical capabilities and strengthening covert operations, Mr. Casey had been identified by Mr. Secord and others as a prime mover in the administration's secret arms sales to Iran, and in the ostensibly private network aiding the Nicaraguan insurgents.

Gen. Secord, in his testimony, cast himself as an independent, private agent—but one with support high in the administration. Sometimes joking and often defiant, Gen. Secord laid claim to almost unilateral control over key decisions in the selling of U.S. arms to Iran, and said he had even drafted a speech for the president in defense of the initiative.

Gen. Secord conceded that last November he destroyed some of his records related to the Contra operation. He also said that through his attorney, he had urged the Justice Department not to make public details of the Iran and Contra operations, and he described vain efforts he made to reach Mr. Reagan when Adm. Poindexter resigned and Col. North was fired in the wake of the disclosures.

"I urged him (Adm. Poindexter) to fight," Gen. Secord said. When he demanded to speak to Mr. Reagan, the Navy admiral replied that "it was too late," Gen. Secord said, adding: "They had already built a wall around the president."

The Contra airlift operation began in late 1985. Almost concurrently, Gen. Secord became involved in sales of U.S. weapons to Iran—first from Israel and later directly from the U.S. On Tuesday, Gen. Secord said an estimated \$3.5 million from the profits of three such arms transactions in 1986 were diverted to the Contras.

Yesterday, the general disclosed for the first time that he also tapped an estimated \$800,000 for the Contras from an Israeli arms dealer in late 1985. He said the money was part of a \$1 million payment he received from Al Schwimmer for help in transporting U.S.-made Hawk missiles that Israel planned to sell to Iran in November 1985. That particular sale fell through, but Gen. Secord said he kept the funds on the advice of Col. North for the Contra project. "Mr. Schwimmer made a contribution," Gen. Secord testified.

Funds Diverted to Israel

It is unclear whether the funds Mr. Schwimmer gave Gen. Secord were his own or the Israeli government's. But Gen. Secord later described a complex transaction in May 1986 that involved the Israeli government. In that transaction, \$822,000—almost the same amount that the general had received from Mr. Schwimmer—was diverted from the general's operation to help Israel cover the cost of anti-tank weapons that the country had shipped to Iran in August and September 1985.

As a go-between in the Iran arms sales, Gen. Secord said he was privy to the secret discussions in which administration officials shaped the president's legal authorization for the initiative in January 1986. While confirming that he consistently discussed prices and the distribution of proceeds from the sales with Col. North, Gen. Secord portrayed himself as a private agent with sole claim to the millions in proceeds from the sales.

By that reckoning, the general would be entitled to an estimated \$14 million in excess funds generated by the arms sales in 1986. But he denied making any profit from the enterprise.

Under questioning from House counsel John Nields, Gen. Secord acknowledged distributing funds at the direction of Col. North to the Contra project and a variety of other initiatives. He insisted, however, that he did so as a private individual rather than as an agent of the government.

In 1985, Gen. Secord said, Col. North directed private contributions into a series of Swiss bank accounts that the general supervised. The general said that more than \$11,000 was paid from these accounts to cover expenses incurred by U.S. drug agents involved in an attempt by Col. North to free American hostages in Lebanon. In addition, funds from these accounts were used to buy radio equipment for a government in the Caribbean that wasn't identified, according to Gen. Secord.

Hostages Called 'Boxes'

In his "private" role, Gen. Secord also said he engaged in sensitive discussions with Iranian arms dealer Manucher Ghorbanifar about swapping U.S. arms for American hostages. He said he and his business partner, Albert Hakim, later helped open a second channel of communications to Iran. In those discussions, Gen. Secord said, the term used to describe U.S. hostages was "boxes."

The general testified at length about his efforts late last year to keep details of the covert Iran and Contra operations from becoming public. Besides acknowledging that he shredded telephone records and telex messages early last November, he said he later sent his attorney, Thomas Green, to brief Assistant Attorney General William Bradford Reynolds about the operation.

At the time—late last November—the department was conducting a preliminary inquiry into the arms deals with Iran. Gen. Secord said Mr. Green urged the Justice Department not to disclose details of the Iran and Contra operations until the agency had gathered more facts. But a few minutes after the lawyers talked, Attorney General Edwin Meese said that funds had been diverted from the arms sales to the Contras. Gen. Secord called Mr. Meese's announcement "unforgivable."

Gen. Secord said he was stunned to learn that day of Adm. Poindexter's resignation and Col. North's firing. Besieged by calls from the press, he said he went to a hotel near his office. He said Col. North met him there and received phone calls from President Reagan and Vice President George Bush thanking him for his contributions to the government.

Gen. Secord said he wanted to speak to the president, but Col. North had hung up the phone before he could get to it. He said he wanted to tell the president that there was "no reason to back away from these operations," and that the American people would understand the rationale behind the Iran initiative.